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No. 3

ADMINISTRATION

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ADMINISTRATION

1. GENERAL REORGANIZATION

Reorganization of Central Administrative Organs —During the first five years of Manchoukuo statehood, chief effort in the sphere of national administration was directed toward the abolition or reform of all vestiges of the former regime and the perfection of a centralized administration through the incorporation of new constitutional principles. Thus was introduced the system of four independent branches of administration peculiar to Manchoukuo, namely, the State Council, the Legislative Council, the Courts of Justice, and the Supervisory Council. The Prime Minister headed the State Council and controlled the Ministers of eight Departments, namely, Civil Affairs, Foreign Affairs, Defence, Finance, Industry, Communication, Justice and Education The Hsingan Provincial Bureau within the State Council was later modified and raised to the status of a Department under the name of the Department of Mongolian Affairs, thus completing the system of nine Departments. The Imperial Household Department looked after the affairs of the Imperial Household while the Privy Council advised the Emperor on important State affairs. And thus, for the first time since its founding Manchoukuo came to enjoy the real benefit of statehood with its administrative organs in the modern sense of the term.

But after five years of experimentation and regimentation, a readjustment in various phases of national administration became a matter of necessity and a

serious study was instituted in that direction. As the result of this study, a complete reorganization of the national administrative organs was effected on July 1, 1937. In this reorganization, the following points were given special emphasis:

(1) While thoroughly clarifying the administrative structure as a whole, unified control over the planning and execution of State affairs by the various Departments of the Government to be strengthened, so as to facilitate the efficient functioning of the State.

(2) For the purpose of effecting immediate restoration of public peace and order, the organs concerned to be unified and strengthened under a single control, and at the same time, special consideration to be paid to attaining harmony between regional, military and police organizations, and general administrative organs.

(3) The most appropriate organization for the purpose of facilitating economic development or more precisely the execution of the Five Year Industrial Development Plan to be instituted, and the control over heavy industries to be strengthened and consolidated.

(4) Popular will and national strength to be developed and cultivated, and for the purpose of facilitating the development of villages, the Government organs concerned to be rationally unified and strengthened.

(5) Closer relations between the Central and Local Governments to be developed, the functions of local administrative organs to be expanded and strengthened, and the evils of standardization to be eradicated.

(6) Local self-government to be fostered and improved, and administrative, cultural, and economic systems to be coordinated and consolidated.

The main features of this drastic reorganization of July 1937 were the reversion to the system of three independent branches of administration, namely, the State Council, the Lagislative Council, and the Courts

of Justice, and the revision of the number of Departments to six, namely, Public Peace, People's Welfare, Industry, Finance and Commerce, Communications, and Justice. The salient points in the reorganization may be summarized as follows:

(1) Elimination of the practice of submitting views to the throne by the Privy Council.

(2) Elimination of the Supervisory Council and creation of Bureau of Audit in the State Council.

(3) Establishment of an Office of Home Affairs in the State Council to take charge, under the direct supervision of the Prime Minister, of matters concerning the general guidance of local organization and the general supervision of Provincial governors.

(4) Inauguration of a Planning Council, under the direct control of the Prime Minister, to study and to deliberate upon basic national policies.

(5) Abolition of the Department of Foreign Affairs and creation of a new office of Foreign Affairs, under the direct supervision of the Prime Minister, and the transfer of matters concerning commercial affairs to the new Department of Finance and Commerce.

(6) Creation of the Department of the Public Peace through amalgamation and reorganization of the Department of Defence and the Bureau of Police Affairs in the Department of Civil Affairs, to take charge of the police affairs of the State in addition to matters concerning national defence.

(7) Abolition of the Department of the Mongolian Affairs and creation of an Office of Hsingan Affairs, under the direct control of the Prime Minister, to coordinate matters concerning the administration of the Mongols.

(8) Reorganization of the existing Departments of Civil Affairs, Industry, Finance, Communications, and Education into four Departments of People's Welfare,

Industry, Finance and Commerce, and Communications.

(9) Continuation without modification of the Department of Justice and its courts.

Further revisions were effected from time to time as necessities of adjustments arose. In line with this policy, the Office of Home Affairs was changed to the Bureau of Local Affairs and placed under the direct supervision of the General Affairs Board in July, 1939.

Reorganization of Local Organization—An efficient administration of Manchoukuo required an efficient organization of local administration. For such a purpose, the administrative divisions which existed in Manchuria prior to the founding of the new State were too general and unscientific and thus a complete renovation of administrative divisions became a matter of pre-requisite in realizing a new and enlightened administration. At the same time, geographical factors and the trend of new development had caused the appearance of new political and economic centers.

It was under such circumstances that the first step toward the reorganization of local administrative system was effected on December 1, 1934, when the former "Four North-Eastern Provinces" were replaced by fourteen Sheng or Provinces. This reorganization was conducted in line with the recommendations made by the Local Administrative Research Commission which had made exhaustive studies concerning improvement of local administration. The principles underlying this and subsequent reforms were as follows:

A. Local administrative organs shall be adjusted so that they will conform to the actual condition of their respective localities.

1. Local administrative organs shall be unified as far as local conditions and functions permit.

2. Standardization shall be avoided, but local administrative organs shall be made to conform to local conditions and national requirements.
3. Reports and items of enquiry shall be adjusted, and appropriate powers and functions shall be delegated.
4. Necessary modifications shall be made in the borders of the provinces.

B. Cooperative associations shall be popularized and the system of local self-government shall be improved.

1. Industrial unions and local organizations which strive for harmony between administration and economy shall be placed in close relationship with each other. To attain this end, the self-governing organs of these two groups of organizations shall be connected through personnel, while the jurisdiction of the two shall be made to coincide as much as possible.
2. Local self-government shall be improved and properly controlled in conformity with the ability of the races for self-government.
   (a) Directors of local organizations shall be officials or governmental appointees.
   (b) For the time being, no organ with voting power shall be established in local organizations. In cases where consultative organs are found, the members shall not be elected by popular vote.
   (c) As to the scope of self-government, it shall be wider in the lower organiza-

tions, and the policy of gradual diffusion shall be adopted according to the state of progress and abilities of the inhabitants.

(d) In line with the adjustment policy of the Paochia (a group of families with a head) and towns and cities, the former shall gradually be incorporated into the latter.

Under the local administrative reform of December 1, 1934, a Province became a mere administrative organ of the Central Government while the division of administrative functions between central and local authorities were clearly demarcated. Consequently, the Governor of a Province remains under the charge and supervision of the Prime Minister and the Departmental Ministers. The Governor is empowered to enforce all laws and to fulfill all instructions within his Province and superintends all affairs of administrative character. On the other hand, unlike the practices of the former regime, the collection of taxes, the stationing of troops and the compilation of budgets are done under the direction of the Central Government. The realization of this noteworthy change not only helped to unify local administration, but also eliminated opportunities for fraudulent practices and divisional dissensions which characterized the local administration before 1932.

The Province, under the new system, was further sub-divided into Hsien or Districts and Hsien into Chu or Counties and Tsun or Villages as the last local administrative units. In addition, the Hsinking and Harbin Special Municipalities and the North Manchuria Special District (it was abolished on January 1, 1936) were placed under the direct jurisdiction of the Department of Civil Affairs. Moreover, in the districts where the Mongols predominate, the Mongolian tradition was followed and preserved to a large extent. Thus, the administrative unit of the Hsingan Provinces is Chi or Banner, a legal body under the supervision of the State with an autonomous assembly to determine the budget and other important matters.

The second noteworthy step toward the reform of local administration was taken on July 1, 1937, in conjunction with the general administrative reorganization pursued by the State. On this occasion two new Provinces, namely, Tunghua and Mutankiang were created in addition to the then existing fourteen Provinces of Fengtien, Kirin, Lungkiang, Pinkiang, Jehol, Chinchou, Antung, Sankiang, Chientao, Heiho and the four Hsingan Provinces (East, West, North, South). With the exception of the four Hsingan Provinces, it expanded the function of the Provincial Government and made its constitution quite elastic so as to make the functional divisions conform with the local needs; instead of following a standardized formula irrespective of the local needs; it abolished the Harbin Special Municipality and incorporated it into the city of Harbin, thus limiting the "Special Municipality" system to Hsinking only; it created ten new cities, namely, Antung, Fushun, Yingkou, Anshan, Ssupingkai, Liaoyang and Tiehling in anticipation of the relinquishment of Japan's extraterritorial rights within the South Manchuria Railway Zone (as abolished on December 1, 1937), and Mutankiang, Chinchou and Chiamussu; it left the organizations and functions of Banner untouched; it instituted a Police Bureau in each city; it created a Fourth District Postal Administration Office at Chinchou and prepared the way for the expansion of city and village postal functions in anticipation of the relinquishment of extraterritoriality by Japan. In short, it strengthened the local administrative machinery to cooperate fully with the reorganized Central Government

but made its organization adjustable to the local needs rather than following a fixed formula.

Then again in line with the policy of developing the northern frontier districts, Tungan and Peian Provinces were created on June 1, 1939.

The administrative divisions with their respective population as in October, 1938 and areas and capitals at the end of 1939 were as follows:

PROVINCES IN MANCHOUKUO

Provinces	Area Sq. Km.	Population (as in October, 1938)	Capital
Fengtien Province	75,812	9,531,206	Fengtien
Kirin Province	88,819	5,314,249	Kirin
Lungkiang Province ..	67,109	1,736,222	Tsitsihar
Jehol Province	66,585	3,996,945	Chengte
Pinkiang Province	63,863	3,697,772	Harbin
Chinchou Province	39,462	4,230,922	Chinhsien
Antung Province	26,603	2,285,838	Antung
Chientao Province	29,395	2,690,854	Yenchi
Sankiang Province	90,055	1,159,870	Chiamussu
Tunghua Province	31,647	834,741	Tunghua
Mutankiang Province ..	32,961	428,945	Mutankiang
Heiho Province	109,813	72,248	Heiho
Peian Province	71,491	2,025,936	Peian
Tungan Province	41,974	329,140	Mishan
East Hsingan Province	106,751	113,728	Chalantun
West Hsingan Province	80,410	581,247	Tapanshang
North Hsingan Province	159,299	86,416	Hailar
South Hsingan Province	79,021	863,234	Wangyehmiao
Hsinking Special Municipality	437	370,594	Hsinking
Total	1,303,437	38,301,503	

2. THE CENTRAL GOVERNMENT

Manchoukuo is a constitutional monarchy and employs the system of division of powers among the executive, judicial and legislative branches.

The Emperor—The Emperor rules over Manchoukuo and his dignity cannot be impaired. As the sovereign head of the State he exercises control over administrative powers of the Government in accordance with the Organic Law of Manchoukuo, exercises executive, judiciary and legislative powers, has the right to promulgate laws, orders and emergency ordinances, the right of official organization, of the appointment of officials and the determination of salaries of officials, and the right to declare war, conclude peace, and contract treaties. He is the supreme commander of the Army and Navy, and enjoys the rights to grant decorations, honours and amnesty.

Privy Council—The Privy Council is the highest consultative body to the Emperor. This body presents its views when consulted by the Emperor on matters pertaining to laws, Imperial Household ordinances, imperial ordinances, budgets, the making of contracts other than appropriations which might be a burden on the national treasury, the conclusion of treaties and agreements, the issuance of declarations and statements to be made in the name of the Emperor to foreign governments, and other state affairs.

Legislative Council—The Legislative Council is an organ charged with the endorsement of laws, budgets, and contracts other than appropriations which might become a burden on the national treasury, while in dealing with state matters, it is empowered to submit proposals to the State Council and to accept petitions from

the people. Ten articles of the Organic Law of Manchoukuo deal with the Legislative Council.

State Council—The State Council is in charge of all administrative affairs. At first, there were nine departments under the Prime Minister (Civil Affairs, Foreign Affairs, Defence, Finance, Industry, Communications, Justice, Education, and Mongolia Administration), one board (General Affairs Board), and four bureaus (Decorations, Capital Construction, State Highways, Repairs and Supplies), but in July, 1937, political administration was centered in the Prime Minister, the administrative departments were either merged or abolished for the purpose of simplifying and consolidating the administrative structure, the military and police organizations were unified with a view to accelerating the consolidation of public peace and order, relations between the central and local governments were made closer, the functions of local governments were expanded and consolidated, evils of standardization were removed, and for the purpose of facilitating the execution of economic and industrial development plans and for the purpose of attaining racial harmony, the organization of each department of the State Council was rearranged, and the three bureaus, the Foreign, Home (changed to Bureau of Local Affairs and placed under the jurisdiction of General Affairs Board in July 1939) and Hsingan Offices, the three administrative departments of Public Peace, People's Welfare and Justice, and the three economic departments of Industry, Finance and the Bureau of Decorations were also placed directly under the direct supervision of the Prime Minister. The Bureau of Audit and the Bureau of Decorations were also placed directly under State Council. It is provided for in the regulations that the Prime Minister assist the Emperor in state affairs. For the purpose of unifying liaison concerning administrative matters, the system

of State Council meetings was inaugurated by virtue of a State Council Order. The General Affairs Board is also directly under the State Council, and is entrusted with the management of important affairs, the drafting of guiding policies relating to the functions of each department or bureau, and with the maintenance of contact in general.

Moreover, the Institute of Scientific Research and the Chienkuo (National) University have been established for the purpose of conducting scientific research and for training men to become leaders in the construction of Manchoukuo, respectively. Furthermore, the Cadastre Adjustment Bureau has been formed for the purpose of establishing land registers, and the Bureau of Supplies and Repairs (divided into three bureaus, namely, Supplies and Repairs, Printing, and Construction as of January 1, 1940), for repairing buildings, the expenses of which are met by the national treasury, for managing affairs related to the supplies fund special accounts, and for printing official bulletins, postal stamps, certificates, and the like.

Various Offices under the Jurisdiction of the State Council

The General Affairs Board—The General Affairs Board was established to handle matters pertaining to the discharge of the duties ascribed to the Prime Minister in Articles I to V of the Organization Law of the State Council. It forms the nucleus of the State administrative structure. Under the Director of the General Affairs Board, there are the seven bureaus of Planning, Legislation, Personnel, Accounts, Statistics, Local Affairs and Information, while the Bureau of Land Settlement and the Tatung Academy, the latter an institution for the training of governmental and public officials, are also under the Board.

The Department of Public Peace—The Department of Public Peace was established by virtue of the general administrative reform effected in July, 1937, for the the purpose of accelerating the consolidation of peace and order and for unifying the functions and commands of the military and police administrations. The department is composed of the Secretariat, the General Staff Bureau, the Military Affairs Bureau, and the Police Affairs Bureau. The Vice-Minister of Public Peace and the Director of the Police Affairs Bureau are civil officials.

The Department of People's Welfare—The Department of People's Welfare is the organ for the execution of affairs relating to national education, sanitation, health, social welfare, religion and other such social administrative matters that have a direct bearing upon the life of the nation. These functions under the former structure of the State Council were divided between the Department of Civil Affairs and the Department of Education. As establishments attached to the Department of People's Welfare, there are the Institute for Cultural Research and the Institute of Hygienic Technique.

The Department of Justice—The Department of Justice supervises all courts and procurator's offices, and takes charge of matters pertaining to civil, criminal and non-contentious cases, and other matters relating to judicial administration.

The Department of Industry—The Department of Industry takes charge of all matters pertaining to agriculture, forestry, livestock, mining, industry, and other industries in general. It was formerly known as the Department of Commerce. Attached to this department are the Livestock Bureau, the Forestry Bureau, the Bureau of Patents and Inventions, the Hydro-Electric Power Construction Bureau, the Bureau of Agricultural Affairs, the Bureau of Mining and

Industry, the Bureau of Colonization and the Central Moteorological Observatory.

The Department of Finance and Commerce (*Economics*)—Formerly known as the Department of Finance, the Department of Finance and Commerce is in charge of matters relating to taxation, monopolies, currency, financial control and management of state properties. Matters dealing with monopolies are handled through the General Monoply Office.

The Department of Communications — The Department of Communications handles all matters pertaining to railways, postal administration, telegraphs, telephones, airways, waterways, and communications in general. Postal Administration is conducted through the General Postal Administration Office.

The Hsingan Office — The Hsingan Office is in charge of those basic affairs relating to Mongolia administration which formerly belonged to the now defunct Department of Mongolia Administration, and of matters concerning the maintenance of connection between, and the adjustment of Mongol affairs. The chief of this office is known as president.

The Foreign Office — The Foreign Office was formerly the Department of Foreign Affairs. Headed by a director, it takes charge of matters relating to diplomatic policy, diplomatic negotiations, the investigation of conditions in foreign countries, the gathering of information from foreign countries, and of matters concerning aliens' entry into, and departure from, Manchoukuo. As diplomatic envoys it has stationed abroad the Ambassador Extraordinary and Plenipotentiary to Japan, and the Ministers Extraordinary and Plenipotentiary to Italy, Germany and Spain, while in accordance with treaty provisions or International Law, consuls, honorary consuls, honorary vice-consuls and resident trade commissioners are stationed in foreign coun-

tries. For the specific purpose of handling affairs dealing with Soviet Russia, there is the Foreign Affairs Commissioner's Office in Harbin.

The Courts — In accordance with the provisions of the Organic Law of Manchoukuo and the Organization Law of the Courts, the Courts conduct trials of, and pass judgment upon, civil and criminal cases, and handle non-contentious and other cases as prescribed by law. The Courts are of four different grades, with corresponding grades of procurator's offices.

3. LOCAL ADMINISTRATIVE UNITS

The Provincial Government — The Provincial Government is the organ that administers affairs of the province, the highest local administrative unit in the state. There are at present 18 provinces whose governments were improved and are functioning under the Organization Law of the Provincial Governments, promulgated in December, 1937, and the two separate laws concerning the organization of the Heiho Provincial Government and the Hsingan Provincial Governments, the latter being enacted in September, 1935.

The Provincial Governor enforces laws and orders, and has charge of administrative affairs of the province under supervision and direction of the Prime Minister and of the State Ministers concerned in matters coming under their jurisdiction. He also exercises supervision and direction over all provincial officials, mayors, hsien magistrates, banner chiefs, and police heads within the province, is authorized to issue provincial decrees in connection with administrative affairs of his province, and is entitled to request the dispatch of troops for the purpose of maintaining public peace and order within the province.

The Provincial Government consists of the Secretariat, and the Public Welfare, Police Affairs, Industry, and Public Works Boards. In regions where there is little or no need for the Industry and Public Works Boards, either or both of these boards may be omitted, with a view to especially avoiding undue formality in organization. There is no Public Works Board in Lungkiang, Jehol, Chinchou, Antung, Chientao and Sankiang provinces, while Tunghua and Mutankiang provinces lack both the Industry and Public Works

Boards. Moreover, the vice-governor system and the provincial counsellor system were inaugurated in December, 1937, and liaison conferences on important provincial affairs are held from time to time.

The Heiho Provincial Government — At first Heiho Province was administered under the Organization Law of the Provinces just as other provinces were, but owing to its exceedingly small population and its special geographical position, a special Heiho provincial administrative system has been introduced. The regulations regarding the division of the Heiho Provincial Government differ from those of ordinary provinces firstly in that there is no secretariat, or public welfare or other boards, the Government being composed of General Affairs, Public Welfare, and Police Affairs Sections; and secondly, in that the hsien offices of Heiho Province are not separate juridical persons but are attached directly to the Provincial Government.

The Hsingan Provincial Governments — Since conditions in the Hsingan Provinces differed greatly from those of other provinces, the Organization Law of the Hsingan Provincial Governments was promulgated in September, 1935. As the result of a number of revisions carried out since then, the administrative system now in force was promulgated in December, 1937. The provincial governors enforce laws and orders, and take charge of administrative affairs of the provinces, as in other provinces under supervision and direction of the Prime Minister and of the State Ministers concerned in matters coming under their jurisdiction. There is, however, no vice-governor system, only the counsellor system being adopted, through which the regeneration of the Mongol race is being achieved. There is a Secretariat, and Public Welfare and Police Affairs Boards in each Hsingan Province.

The Special Municipality — In accordance with

the promulgation in July, 1933, of the Special Municipality System, Hsinking and Harbin were placed under this system, but as a result of the administrative reform of July, 1937, only Hsinking became a special municipality. The special municipality, which is a juridical person, conducts administration within its jurisdiction, and is authorized to impose taxes upon the municipal population. The Mayor of this self-governing organization is under supervision of the Prime Minister.

The Municipality — The municipality is also a juridical person but under supervision of the provincial governor. The municipal system is now enforced in fourteen cities, namely, Harbin, Mukden, Kirin, Tsitsihar, Mutankiang, Chinchou, Chiamussu, Antung, Fushun, Yingkou, Anshan, Ssupingkai, Liaoyang and Tiehling.

The Hsien (district) — The hsien is the fundamental local administrative unit in Manchoukuo. It is both government administered and self-governing. The hsien in the past had lacked the functions of a self-governing body, but ever since the foundation of Manchoukuo the Government has striven to reform and consolidate the hsien system. A number of revisions were carried out following the promulgation of the hsien administrative system in July, 1932, while a general reorganization was effected in December, 1937. There were 163 hsien throughout the country in November, 1938.

Immediately following the outbreak of the Manchurian Incident, or in November of the year preceding the foundation of the State, the Autonomy Guidance Headquarters dispatched a number of directing officials to twenty odd hsien in Fengtien Province for the purpose of restoring peace and order, and for the establishment of local autonomy. Administrative organs in the form of committees were established, and together with

the formation of the Fengtien Provincial Government in December of the following year, the Provisional Hsien Office Law was enacted in January of the next year, but as Kirin and Heilungkiang Provinces still retained the old system of hsien organization, Decree No. 54 regarding the organization of hsien was promulgated in July, 1932, together with Decree No. 55 on the hsien self-government system. Furthermore, in accordance with the provisions of a Department of Civil Affairs order issued in August, 1933, by a provisional reorganization of the hsien, councillors, directing officials and auditors were distributed among the hsien and each hsien office was instructed to revise its organization; the hsien office and various bureaus which were hitherto in conflict with the former were unified and amalgamated with the hsien office. The execution of functions was, moreover, rationalized, the budget and accounting systems were inaugurated, the contract system which was the root of all corruption under the former regime, was abolished, and sound and honest hsien finance was introduced. In this manner, the hsien system underwent a complete change.

However, as conditions differed in each hsien, which required adjustment conforming to the standard and ability of the local inhabitants, and owing to changes introduced by the abolition of extraterritoriality by Japan, the Government found it necessary to carry out another sweeping reform of hsien organization. In June 1937 the Government accordingly announced the principles of the projected hsien reform, which was on the whole completed in December of the same year.

The principal revisions were:

1. *Area of hsien* — In view of the establishment of new municipalities, or changes in the areas of old municipalities and other special local conditions, certain hsien were abolished or their

boundaries revised. Hsinlung-hsien (Jehol Province) and Sunwu-hsien (Heiho Province) were newly established, and Yingkou-hsien (Fengtien Province) was abolished, while a few changes were made in hsien and provincial boundaries.

2. *Functions of hsien* — The hsien is administered by the Government as an administrative unit of the country, and is in principle, a public juridical person (all hsien of Heiho Province are not). However, they are not entitled to have consultative organs.

3. *Organization of hsien* — In view of the varying conditions in localities, standardized organization was eliminated, organs affected by the abolition of extraterritoriality and the transfer of administrative rights were readjusted and consolidated, the hsien councillor system was abolished and replaced by the assistant hsien-magistrate system, the offices of the assistant councillor, the police affairs directing official and of the auditor were abolished, and the functions were divided according to offices.

Banner — The only political unit in Mongolia is the banner, which is also a self-governing administrative unit. The name banner finds its origin in the days of the Ching dynasty's rise to power. The Ching dynasty, grateful for the meritorious services rendered by the Mongols, granted pastureland, organized a banner in each village based on the eight banner army organization, appointed a chief to head each banner, and enrolled the bannermen in its army. Later the banner system began to degenerate with the penetration of the Hans (Chinese) and the oppression of warlords, but when Manchoukuo was founded, the General Administrative Office of the Hsingan Provinces was created in view of the peculiar conditions existing in Mongolian

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society. Furthermore, in December, 1934, the Department of Mongolia Administration was established simultaneously with the inauguration of the system of local government but after a number of revisions, the Department was abolished in July, 1937, and the Hsingan Office was organized and attached to the State Council. Minor changes were made in banner organization. At the present time, there is a total of twenty-nine banners.

Towns and Villages — Towns and villages are the lower administrative units of the country, towns being based upon the Town System Law and villages on the Village System Law, but both differ in no respect from each other as far as fundamental organization is concerned, except in minor details, culture and the scope of functions depending upon the standards of inhabitants.

The town and village systems were inaugurated for the first time on January 1, 1937, but prior to this date, the village system had been adopted in a certain section of the former Liaoning Province in accordance with the provisional law establishing this system. In 1936, the village system was adopted on a temporary basis in Fengtien and four other provinces, and this became the foundation of the present town and village systems. Racial harmony is the fundamental principle underlying the establishment of the two systems. Both units are recognized as juridical persons and the policy of large villages is being followed.

Towns whose system is similar to that of municipalities, number 103 in all at the present time, while villages which were formed by combining rural villages, total 1,970.

4. EFFECT OF ABOLITION OF EXTRATERRITORIALITY

As the result of the Treaty and Supplementary Agreements signed on November 5, 1937, at the State Council Hall in Hsinking by General Kenkichi Uyeda, the Japanese Ambassador to Manchoukuo, and Marshal Chang Ching-hui, the Prime Minister of Manchoukuo, Japan formally relinquished on December 1, following, its extraterritorial rights in Manchoukuo and transferred to the latter its administrative rights over the South Manchuria Railway Zone. The Treaty then affirmed that, subject to the stipulations of the Supplementary Agreements, Japanese subjects shall be governed within Manchoukuo territory by the provisions of Manchoukuo laws and ordinances but that, "Japanese subjects shall not, under any circumstances, be accorded less favorable treatment than that which is or may be accorded to the nationals of Manchoukuo," the same principles being applicable to juristic persons as well as individuals.

The detailed agreements concerning various phases of the more important problems arising from this event were summarized in the Articles in the Supplementary Agreement "A." The most noteworthy stipulations of the Supplementary Agreement "A" are as follows: (1) details relating to jurisdiction following the abolition of the Consular Courts, guaranteeing "to the lives and property of the Japanese subjects such judicial protection as conforms to international law and the general principle of law" and regulating the disposition of various civil and criminal cases, pending and newly arising; (2) transfer of the right to impose and collect taxes "in accordance with a decision to be made by consultation"

between the Japanese Ambassador and the Manchoukuo Prime Minister; (3) taking over by the Manchoukuo Government of all "Japanese institutions including lands, buildings and accessory equipments and staffs concerned" which were maintained in the South Manchuria Railway Zone in accordance with a decision to be made through consultation between the Japanese Ambassador and the Manchoukuo Prime Minister; and (4) delivery by the Japanese Government to the Manchoukuo Government of all documents concerning the administration of justice, police, taxation, communications, etc., which are necessary for the execution of the Treaty.

On the date that the Treaty went into force, the Japanese Government turned over the following offices, institutions and establishments to the Manchoukuo Government:

(1) From the Kwantung Bureau: police offices outside of the Kwantung Leased Territory, post offices, branch observatories, branch monopoly offices, opium sanatoriums, public health offices, tax offices and weight and measures inspector's office.

(2) From the Japanese Embassy: consular police and prisons.

(3) From the Chosen Government General: hospitals and public schools.

(4) From the South Manchuria Railway Company: public schools for Chosenese and Manchurians, Japanese schools, subsidized schools for Manchurians, public libraries outside of the Kwantung Leased Territory, women's hospitals, isolation hospitals, public health offices, roads outside of the Kwantung Leased Territory, embankments and revetments, bridges, parks and playgrounds outside of the Kwantung Leased Territory, fire stations, standard time equipments, water supply system (excluding supply for railroads and

mining use), sewer system, assembly halls and civic centers, recreation grounds and centers, employment agencies, lodging houses and swimming pools outside of the Kwantung Leased Territory. The equipment thus transferred by the South Manchuria Railway Company to Manchoukuo from eleven cities and sixty-two towns and villages in the South Manchuria Railway Zone alone were estimated at 31,438,994 yuan and schools transferred to the Japanese authorities, 20,708,000 yuan.

Concurrently with this transfer, a total of nearly 140,000 persons including Japanese and Manchurians passed into the employment of Manchoukuo, either directly or indirectly from the Japanese Embassy, the Kwantung Bureau and the Local Administration Bureau of the South Manchuria Railway Company.

Then again on April 1, 1938, as the result of successful negotiations, the various institutions which the South Manchuria Railway Company had maintained for experimental purposes were transferred to the Manchoukuo authorities.

Thus passed into history Japan's extraterritorial rights over the South Manchuria Railway Zone. At the same time, this event helped Manchoukuo to attain the position of a complete independent State and has strongly under-written Japan's trust placed upon Manchoukuo, as well as the remarkable progress made by Manchoukuo during the short span of six years since its founding.